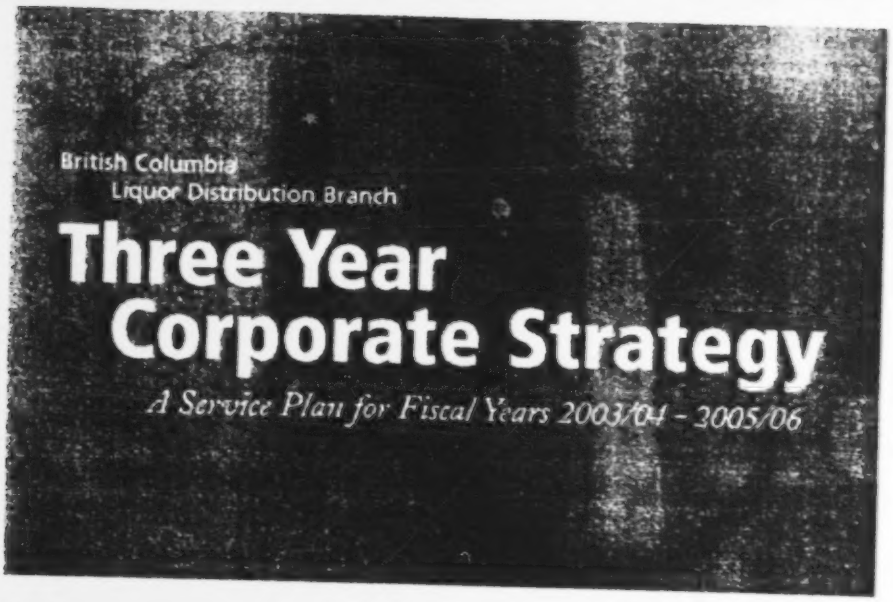

British Columbia
Liquor Distribution Branch
Three Year
Corporate Strategy
A Service Plan for Fiscal Years 2003/04 - 2005/06

Letter from the General Manager

I am pleased to present the Liquor Distribution Branch's (LDB) three-year corporate strategy, a service plan that will guide us through the fiscal years 2003/04 to 2005/06, as we make the transition to increased private sector investment and involvement in the retailing, distribution and warehousing of beverage alcohol in British Columbia.

On July 24, 2002, the provincial government announced the results of the Core Services Review of the LDB. The review concluded that it is not a core service of government to be directly involved in the warehousing, distribution and retailing of beverage alcohol. The government announced that, over time, the LDB's role will shift from the operation of warehouses and retail stores to the regulation of private sector warehouses and retail stores. The LDB will continue to be the importer and wholesaler of record, to collect government liquor revenue, and will ensure that public safety issues are effectively managed.

With this new direction from government, the guiding vision of the LDB has changed. Whereas previously our vision stated that the LDB "will be recognized as a truly superior retailer in the communities it serves," it now states that the LDB "will serve as the regulator of a progressive and expanded beverage alcohol distribution and retailing network. It will promote private sector investment and involvement in the beverage alcohol industry."

Our strategic direction over the next few years includes: implementing a strategy to promote increased private sector investment and involvement; shifting from managing to regulating retail, warehousing and distribution; and reducing the regulatory burden imposed by the LDB by focusing regulations on protecting public safety and revenue collection. We will ensure that the current level of revenue is maintained through the transition, and we will ensure that public safety issues are well managed in the new liquor retail environment. Our three-year strategic plan provides guidelines for change, while still adhering to our four pillars of excellence: Customer Service, Business Effectiveness, Workplace Quality and Public Safety & Social Responsibility.

Over the last several years, the LDB has focused its efforts on being an outstanding retailer. LDB employees have risen to the challenge and demonstrated dedication, ingenuity and leadership. I thank all of you for your enthusiastic support. Now we are asking you to rise to the challenge of change again.

To our business partners, thank you for working with us and helping us to serve the people of British Columbia well. To our customers, we are committed to ensuring continued excellent service and public education and safety throughout this transition period.

Jay Chambers
General Manager

Contents

Organization Overview iv

Strategic Context 1

Vision 1

Mission 1

Values 1

Planning Context and Key Strategic Issues 2

- Government Policy and Direction 2
- Branch Transition 2
- Our Customers - Wholesale and Retail 3
- Our People 3
- Technology 3
- Public Safety 3
- Beverage Container Management 4
- Key Risks 4

Strategic Direction 6

High Level Goals 6

High Level Strategy Map 7

Objectives, Key Strategies, Performance Measures and Targets 8

- Goal 1 - Financial Performance 8
  - Objective 1.1 - Revenue & Net Income 8
  - Objective 1.2 - Operating Expenses 9
- Goal 2 - Customer Service 10
  - Objective 2.1 - Customer Satisfaction 10
  - Objective 2.2 - Supplier & Industry Partnerships 11
  - Objective 2.3 - Retail Network 12
  - Objective 2.4 - Deregulation 13
- Goal 3 - Business Effectiveness 14
  - Objective 3.1 - Distribution 14
  - Objective 3.2 - Supply Chain Management 15
  - Objective 3.3 - Technology Improvements 16
  - Objective 3.4 - Emergency Management 17
- Goal 4 - Workplace Quality 18
  - Objective 4.1 - Workforce Planning & Management 18
  - Objective 4.2 - Health & Safety 19
  - Objective 4.3 - Individual & Organizational Development 20
  - Objective 4.4 - Internal Customer Service 21
- Goal 5 - Public Safety & Social Responsibility 22
  - Objective 5.1 - Public Safety 22
  - Objective 5.2 - Beverage Container Management 23
- Performance Measure Descriptions 24

Alignment with Government's Strategic Plan 28

Summary Financial Outlook for the Plan Period 29

Summary 30

Organization Overview

The Liquor Distribution Branch (LDB) is a branch under the Ministry of Competition, Science and Enterprise and reports to the Crown Agencies Secretariat for performance planning and financial management purposes.

The *Liquor Distribution Act* authorizes the LDB to import, warehouse, distribute and retail beverage alcohol in the province of British Columbia. As of January 1, 2003, the LDB operated 223 government liquor stores (GLS), two distribution centres and a head office facility with a total of 3,500 full and part-time employees.

The LDB also authorizes the operation of private sector retail outlets and/or sets terms and conditions for their operation. As of January 1, 2003 this included 302 Licensee Retail Stores, 206 rural agency stores, 87 on-site manufacturer stores and 30 private wine stores.

On July 24, 2002, the provincial government released the results of the Core Services Review of the LDB. The review concluded that it is not a core service of government to be directly involved in the warehousing, distribution and retailing of beverage alcohol. Government announced that, over time, the LDB's role would shift from the operation of warehouses and retail stores to the regulation of private sector warehouses and retail stores. The LDB will continue to be the importer and wholesaler of record and will be responsible for collecting government liquor revenue and will ensure that public safety issues are effectively managed.

Strategic Context

Vision

The British Columbia Liquor Distribution Branch will serve as the regulator of a progressive and expanded beverage alcohol distribution and retailing network. It will promote private sector investment and involvement in the beverage alcohol industry.

Mission

To ensure that liquor distribution and retailing in the province of British Columbia meets the needs of customers and is conducted in a socially responsible manner. To manage the revenue stream and maximize long-term economic benefits to British Columbians by regulating liquor retailing, warehousing and distribution.

Values

Integrity

We take responsibility, and are fully accountable, for our actions, decisions and behaviour. We meet our commitments and obligations to co-workers, customers and business partners. We are open, honest and fair.

Quality of Service

We take pride in the quality of our work. We strive for excellence in serving customers and co-workers.

Mutual Respect

We recognize, support and appreciate others. We value their opinions even when they do not coincide with our own. We respond promptly to requests.

Teamwork

We recognize that by working together, within and across departments and work groups, we achieve more. We work together as a team in a spirit of cooperation and community toward our common goals.

Change

We embrace change. We encourage our people to find innovative and creative ways of doing things and enhancing and reconfirming their value to the organization.

Planning Context and Key Strategic Issues

As part of the environmental scan for this plan the following key trends and their impact on the LDB were considered.

Government Policy And Direction

In June 2001, the government announced that all ministries, Crown corporations and agencies of government would undergo a Core Services Review. The Core Services Review process is a comprehensive and rigorous examination of all government organizations. Its aim was to identify and confirm the government's core roles and responsibilities and to ensure that government is modern, relevant and affordable.

In July of 2002, the results of the Liquor Distribution Branch's (LDB) Core Services Review were approved by cabinet and announced. The conclusion was that it is not a core service of government to be directly involved in the warehousing, distribution and retailing of beverage alcohol products. As a result, the LDB has been directed to embark upon a series of initiatives, which include increased private sector involvement in retailing, distribution and warehousing and a shift of the focus of the LDB to public safety and revenue collection. Specific shifts for the LDB include:

1) Proceeding with an orderly approach to increasing private sector investment and involvement in the beverage alcohol industry over time.
2) Shifting the LDB's role from managing retail, warehousing and distribution to regulating them.
3) Significantly reducing the regulatory burden imposed by the LDB and focusing regulations on protecting public safety and revenue collection.

These changes constitute the principal drivers behind the LDB's Strategic Direction over the next few years.

Branch Transition

As a result of the new direction embodied in the conclusions of the Core Services Review for the LDB, the period covered in this plan (fiscal years 2003-04 to 2005-06) will be a time during which the branch must transform the beverage alcohol industry business model from one which limits private sector participation to one that encourages significantly increased private sector involvement and investment.

There are two main aspects to this. First, the branch must work quickly to create a model whereby alternative distribution of all beverage alcohol by the private sector is permitted.

Secondly, the number of privately owned and operated liquor stores will increase while the number of government owned liquor stores will decrease.

The branch will eventually exit retail and distribution operations. Until this happens, however, the branch must continue to operate and manage its retail stores in an efficient and effective manner. During the transition period, we will introduce change in our retail operations while remaining committed to the pillars of customer service and business effectiveness.

Our Customers – Wholesale and Retail

The LDB has always serviced a mixed customer base. Sales to wholesale customers such as licensee retail stores, rural agency stores, restaurants and pubs represent approximately 42 per cent of total sales and the remaining 58 per cent are retail sales to the public.

As the number of licensee retail stores and rural agency stores increases there will be a shift in the market share from LDB stores to these private retailers. This shift will require a heightened awareness of the inventory demands to service the wholesale needs of these liquor retailers while ensuring that the general public continues to receive the service they expect from their local government liquor store.

The private liquor store network will be expanding as more licensee retail and rural agency stores take on the business of full-service beverage alcohol sales. In the short term, many of these stores may continue to access inventory through LDB stores. In the future, however, distribution changes will allow for direct delivery from private distributors.

The focus of LDB stores will remain: meeting the needs of our customers and business partners. Our staff will continue to deliver friendly, courteous service, and share their knowledge and expertise.

Our People

As the LDB moves forward in a new direction, we will depend on our employees to continue to provide excellent customer service in an atmosphere of teamwork and cooperation throughout our retail-wholesale chain and within government.

In the next few years, the LDB must develop and implement strategies to manage the restructuring and downsizing involved in the shift to a new model. Our priority will be to assist employees throughout the transition, while still maintaining government revenue and service to our customers. We must continue to develop employees in view of the LDB's changing role and the changing jobs within our organization.

Technology

Technology is having a major impact on how the public sector will deliver service and interact with business. Traditional ways of doing business continue to be challenged by the growth of electronic commerce, by eliminating geographic barriers, reducing communication time, and integrating with external systems.

The branch must act to ensure enabling technologies and skills are in place to support the transition to a new model and to ensure that current efficiencies are sustained during the transition.

Public Safety

As government liquor stores decrease and the number of privately operated retail liquor outlets increases, the LDB, in conjunction with the Liquor Control and Licensing Branch (LCLB) and other agencies, must ensure that public safety issues, including over-consumption, the sale of alcohol to minors, and illicit sales, are effectively managed in the new liquor retail environment.

The LDB will expand its focus to include more broad-based, consumer-directed, public safety initiatives, as well as a continuation of the responsible use of alcohol programs. Together with the LCLB, it will involve community organizations, private sector retailers, retailer associations, liquor industry suppliers and associations, and other federal and provincial government agencies in educational and public safety programs.

Beverage Container Management

Under the Beverage Container Stewardship Program Regulation, Brewers Distributor Limited (BDL) has container stewardship responsibility for beverage alcohol sold in refillable bottles and cans, and the LDB has stewardship responsibility for all other beverage alcohol containers. A significant number of beverage containers in both the LDB and BDL stewardship programs are returned by customers to LDB stores.

As the retailing of beverage alcohol shifts from the LDB to the private sector, there will have to be changes to the beverage container return system in order to maintain adequate customer service. It is anticipated that private retail stores will have less capacity than LDB stores to handle returned containers, and alternative return channels such as bottle depots will have to account for an increased share of returns.

The existing financial structure of the LDB's beverage container program is not sustainable. The branch will develop a new structure for the beverage container return system.

Key Risks

Risk management should be a part of any organization's planning and decision-making process. It is particularly important for the LDB at this juncture. As the branch enters its transition and develops new forms of service delivery with greater private sector involvement, certain risks become apparent and must be addressed in such a way that their impact is minimized. Some of the major risks confronting the branch are listed below:

Risks Related to Net Income	Mitigating Strategy
Possible sales losses during transition to new models.	Conduct community by community analysis to ensure that consumer demand is met.
Workforce disruptions resulting in sales losses.	Application of the Collective Agreement and the labour code to ensure business continuity.
Loss of personnel during transition to new models resulting in higher expenses and decreased productivity.	Use of contracted specialists to offset losses.
Low morale leading to lost productivity threatening efficiencies.	Continuous communication with staff.
Effects of weather patterns and timing of statutory holidays on consumption.	None.
Unplanned incidents (natural disasters, terrorism, product tampering, etc.) may disrupt business at any time.	Continuously maintain and test an emergency management program (see Objective 3.4).

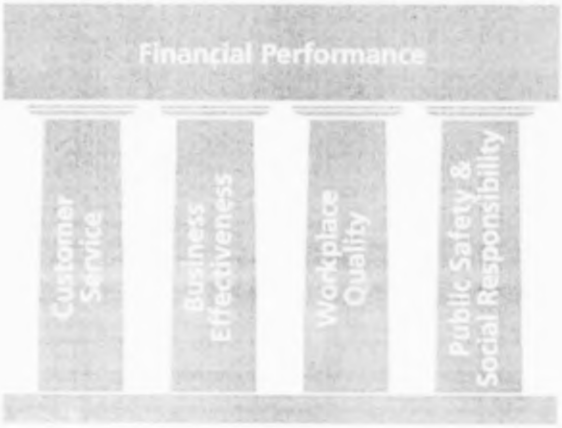
Risks Related to Public Safety & Social Responsibility	Mitigating Strategy
Concerns regarding increased access to beverage alcohol may influence acceptance of the new model by the public.	Public Safety Programs (see objective 5.1).
Closing of government liquor stores will reduce available service for the return of empty beverage containers.	Beverage container plan (see objective 5.2).

Risks Related to Operations	Mitigating Strategy
At any time, LDB systems could be disrupted by mischief, illegal manipulation and/or viruses.	Business Continuity Planning (see objective 3.4), utilization of shared services, protection from intrusion.
Data stored on LDB systems may be subject to unauthorized viewing and/or piracy.	Encryption of data. Controls for access by employees and business partners.

Strategic Direction

To fulfill the mandate resulting from our Core Services Review and to achieve our vision, the British Columbia Liquor Distribution Branch is committed to five high-level goals and 16 supporting objectives.

Our five goals are graphically depicted on this chart:



High-Level Goals

Goal 1 **Financial Performance**

Achieve or exceed a net income contribution of $655 million.

Goal 2 **Customer Service**

Meet the needs of our customers, business partners and internal customers by providing friendly, courteous service by knowledgeable staff.

Goal 3 **Business Effectiveness**

Manage business practices in a climate of continuous change with a focus on operating efficiencies and value added.

Goal 4 **Workplace Quality**

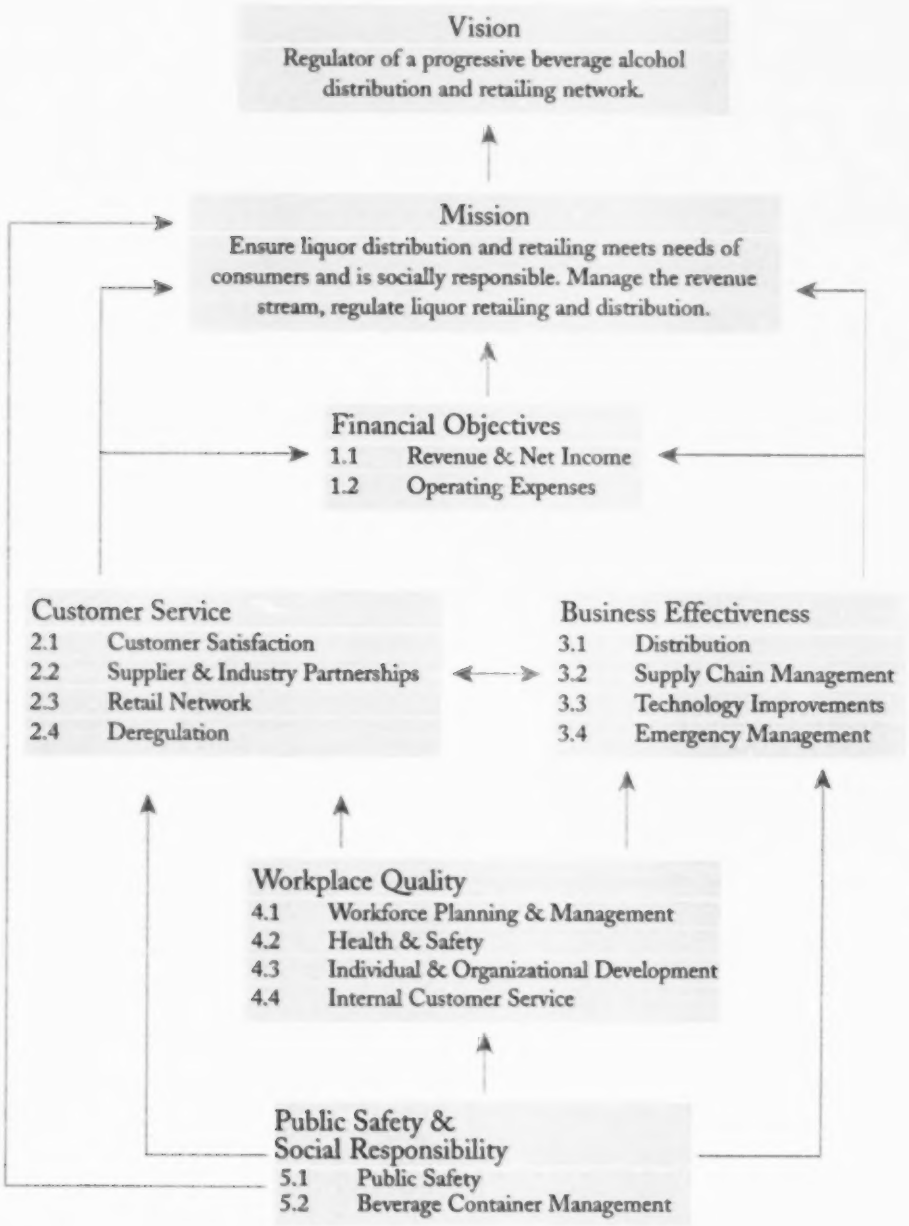
In a changing environment, employ a workforce of skilled, motivated and satisfied employees with a continued focus on health, safety, employee and organization development and behaviour which is consistent with corporate values.

Goal 5 **Public Safety & Social Responsibility**

Implement a new retail model that continues to promote responsible use of beverage alcohol as a pillar of its service to the public. Ensure that customers continue to have a convenient method of returning empty liquor containers.

High-Level Strategy Map

The strategy map shown below is a representation of the cause and effect logic of the LDB's corporate strategy. It shows the inter-relationships between the branch's vision, mission, high-level goals and the specific objectives supporting the goals. The pages following this chart describe the detailed outcomes sought by each of the five goals and their supporting objectives.


Vision
Regulator of a progressive beverage alcohol distribution and retailing network.
Mission
Ensure liquor distribution and retailing meets needs of consumers and is socially responsible. Manage the revenue stream, regulate liquor retailing and distribution.
Financial Objectives
1.1 Revenue & Net Income
1.2 Operating Expenses
Customer Service
2.1 Customer Satisfaction
2.2 Supplier & Industry Partnerships
2.3 Retail Network
2.4 Deregulation
Business Effectiveness
3.1 Distribution
3.2 Supply Chain Management
3.3 Technology Improvements
3.4 Emergency Management
Workplace Quality
4.1 Workforce Planning & Management
4.2 Health & Safety
4.3 Individual & Organizational Development
4.4 Internal Customer Service
Public Safety & Social Responsibility
5.1 Public Safety
5.2 Beverage Container Management

Strategic Direction
Objectives, Key Strategies, Performance Measures & Targets

Objectives in support of each of five major goals are described on these pages. It should be noted here that the measures by which we gauge our progress toward the achievement of objectives are defined in greater detail on page 24.

Goal 1
Financial Performance

Achieve or exceed a Net Income contribution of $655 million per year.

Objective 1.1 Revenue & Net Income: Achieve Revenue and Net Income Targets as indicated below:

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Total Sales ($)	1.89 billion	1.93 billion	1.96 billion
Net Income ($)	655 million	655 million	655 million

Key Strategies

- Total sales growth is projected at approximately two per cent year-over-year.
- The LDB will not budget expenses for enhancements to the current retail model, such as store improvements, development of marketing and retail channels, or investment in warehouse/distribution processes.
- The LDB is budgeting for a decrease in expenses as a result of the store and warehouse closures.
- Sales will shift from government liquor stores that close to private retailers and other government liquor stores not yet closed. The shift to private retailers from closed government liquor stores is anticipated to be 20 per cent for 2003-04 and 90 per cent for both 2004-05 and 2005-06.

Goal 1
Financial Performance

Objective 1.2 Operating Expenses: Manage Expenses to the levels indicated below:*

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Total Expenses ($)	245 million	231 million	227 million

Key Strategies

- Expenses will be reduced each year as a result of store and distribution centre closures, and other initiatives to reduce operating costs.
- Expenses include transition costs for stores, distribution centres, and head office work force adjustments, as well as for lease commitments.

* *Note: A breakdown is shown at Summary Financial Outlook on page 29.*

Goal 2
Customer Service

Meet the needs of our customers, business partners and internal customers by providing friendly, courteous service by knowledgeable staff.

Objective 2.1 Customer Satisfaction: Maintain retail and wholesale customer satisfaction with government liquor store service during the transition to private sector retailing.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Quantitative measures to be developed.	December 2003	N/A	N/A
Customer satisfaction rate	90%	90%	90%

Key Strategies

- Managers at all levels will continue to emphasize excellent customer service.
- Province-wide survey will be conducted in the fourth quarter 2003-04.

Goal 2
Customer Service

Objective 2.2 Supplier & Industry Partnerships: Continuously elicit advice and input regarding retailing and distribution of beverage alcohol in British Columbia from industry stakeholders.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Meetings with Liquor Industry Advisory Committee	4 to 6	4	4

Key Strategies

- The branch will establish and convene a British Columbia Liquor Industry Advisory Committee* during fiscal year 2003-04, and meet with this committee quarterly thereafter.
- The LDB will continue to facilitate bilateral supplier-LDB meetings to constructively address matters of mutual concern on an ongoing basis.

* *Footnote: Membership and participation will be solicited from the following:*
Import Vintners and Spirits Association of British Columbia
Western Brewers Association
Craft Brewers Association
Association of Canadian Distillers
British Columbia Wine Institute
British Columbia Liquor Licensee and Retailers Association
British Columbia & Yukon Hotels' Association
British Columbia Restaurant and Foodservices Association
Private sector warehousers and distributors
Others as identified

Goal 2
Customer Service

Objective 2.3 Retail Network: Continue to support and expand the network of private sector retail facilities through the closure of government liquor stores.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Minimum number of GLSs to be closed	30 - 40	30 - 40	40 - 50
Community analysis for every GLS closed	100%	100%	100%

Key Strategies

- As the number of private liquor retailers expands, the LDB will identify opportunities to close government liquor stores through its ongoing process of community-by-community analysis.
- Before a GLS is closed the LDB will conduct a community analysis to ensure, wherever possible, service is provided to customers.

Goal 2
Customer Service

Objective 2.4 Deregulation: Increase opportunities for private sector business to improve their competitiveness and efficiency by simplifying and reducing requirements imposed by branch administrative policies and governing legislation.

Performance Measures	Targets		
	Fiscal 2003-04*	**Fiscal 2004-05**	**Fiscal 2005-06**
Reduction in Number of Regulatory Requirements	35%	ongoing	ongoing

Key Strategies

- Evaluate alternatives for policies affecting customer service, private retailers, and liquor product acquisition, cost and distribution.
- Replace prescriptive requirements with policies that are timely, and outcome- or results-based.
- Develop policies in plain language with a minimum number of rules necessary to fulfill the branch's new regulatory role.

* ***Footnote:*** *The branch's goal is to reduce its requirements by 50 per cent by July 2003 of which 15 per cent is targeted for fiscal 2002/2003.*

Goal 3
Business Effectiveness

Manage business practices in a climate of continuous change with a focus on operating efficiencies and value added.

Objective 3.1 Distribution: Develop, implement and regulate a model for the distribution of all beverage alcohol products by private sector distributors.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Alternative Distribution Model for wholesale customers	Completed by July 2003	N/A	N/A
LDB distribution discontinued	N/A	July 2004	N/A

Key Strategies

- The LDB will communicate electronically with private sector warehousers by implementing an Integration Broker Tool by May 2003.
- A new revenue collection process will be implemented to support Alternative Distribution by July 2003.
- The LDB will automate its Canada Customs Business Processes and comply with the new Excise Act requirements by July 2003.
- A new inventory tracking system will be implemented by July 2003.
- During fiscal 2003-04 the LDB will implement new financial systems to streamline financial reporting.

Goal 3
Business Effectiveness

Objective 3.2 Supply Chain Management: Continuously ensure that the right products are in the right place at the right time and in the appropriate quantity to meet or exceed customer expectations.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Stockout reports by area managers, industry partners or customers	No reports of GLS shelf stockouts of core products	No reports of GLS shelf stockouts of core products	No reports of GLS shelf stockouts of core products
In Stock core products in GLSs	100% for every period	100% for every period	100% for every period

Key Strategies

- The LDB will continue to work closely with industry partners to ensure a sufficient supply of core products and continue to intensively manage stock levels of core products on a daily basis.
- The branch will use information provided by its data warehouse system to evaluate the data relative to in-stock positions and take corrective action as needed.

Goal 3
Business Effectiveness

Objective 3.3 **Technology Improvements:** Continuously plan and implement business applications and supporting infrastructure to assist in the transition to the new model.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Enterprise Business Intelligence (Data Warehouse)	Collect inventory data from private sector distributors and LDB	Produce trend analysis reports re: inventory & sales	TBD
	Replace data warehouse system	Conduct transition scenario analysis	
Architecture Solutions & Implementation	Reduce mainframe usage by 33%	Reduce mainframe usage by further 33%	Eliminate mainframe usage
		Consolidate platforms by eliminating AS400	
PPIIMS* migration	Deliver feasibility report re: PPIIMS migration to CHIPS**	TBD based on report	TBD based on report

Key Strategies

- The LDB's Information Services (IS) department will maintain strategic partnerships with business units to develop and deliver technology solutions that enable business efficiencies and services.
- Information Services will continuously align its efforts to the business units of the LDB through the strategic management, budget, business planning and project initiation processes.
- The LDB is committed to exploring IS solutions and business efficiencies between government systems, shared services, and outsourcing options.
- The LDB will continue to improve electronic communication of data (business to business) with business partners.

* ***PPIIMS*** *– Personnel Payroll Integrated Information Management System*
*****CHIPS*** *– Corporate Human Resource Information and Payroll System*

Goal 3
Business Effectiveness

Objective 3.4 Emergency Management: Maintain, update and test emergency management program which will ensure that corporate and operational needs are met by providing optimum emergency responses with the least impact to branch assets.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Emergency Procedures Testing	Twice per year	Twice per year	Twice per year
Product Recall Testing	Implement semi-annual testing	Twice per year	Twice per year
Maintenance & Updates to Business Continuity Plans	Targets TBD after development of update procedures	TBD	TBD

Key Strategies

- The LDB will coordinate the finalization of current business continuity plans (BCP) by first-quarter fiscal 2003-04.
- The LDB will develop and implement a simplified format and procedures for updating BCPs by second-quarter fiscal 2003-04.
- A cross-functional working group to review and update the emergency management program on an ongoing basis will be struck in fiscal 2003-04.
- The LDB will work with liquor suppliers and distributors to modify product recall procedures as the LDB exits retailing and distribution.

Goal 4
Workplace Quality

In a changing environment, employ a workforce of skilled, motivated and satisfied employees with a continued focus on health, safety, employee and organization development.

Objective 4.1 Workforce Planning & Management: Ensure that corporate and operational needs are met by the ongoing planning for, and maintenance of, a qualified and motivated workforce in an environment of change.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Workforce strategy and succession planning process to be developed	Completed by December 2003	N/A	N/A
Quantitative measures to be developed after completion of plans	TBD	TBD	TBD

Key Strategies

- The LDB will develop and implement a workforce planning strategy by December 2003 that will meet the changing needs of the branch during its transition to a new service delivery model.
- The LDB will develop and implement a succession planning process by December 2003 that will ensure that key positions are identified, competencies are developed and strategies are in place to ensure critical roles are maintained.
- In concert with government renewal initiatives, the branch will support succession planning through leadership development programs.
- The LDB will conduct outreach recruitment activities to qualified people who reflect the diversity of the communities we serve.

Goal 4
Workplace Quality

Objective 4.2 Health & Safety: Continue to manage effective corporate safety and health programs to promote workplace safety, provide a healthy work environment and to achieve reductions in leaves.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Annual Safety Inspection/Audit	100% by end of 1st quarter	100% by end of 1st quarter	100% by end of 1st quarter
Monthly Safety Program Review	100% each quarter	100% each quarter	100% each quarter
STIIP* Claim Costs	Not more than 4% of payroll	Not more than 4% of payroll	Not more than 4% of payroll
WCB Claim Costs	Not more than .60% of payroll	Not more than .60% of payroll	Not more than .60% of payroll

Key Strategies

- Corporate Health and Safety data reporting systems will be maintained to support LDB operations/compliance requirements.
- Area managers and store managers will complete an annual audit of reported safety inspections and safety meetings by March 31 each year.
- The LDB will provide quarterly and year-to-date leave usage reports to each operational area manager/director.
- The LDB will assess, develop and deliver program and training to support line management in managing employee illness and injury leaves, ergonomic audit and assessment and safe work practices programs.
- Implement a monitoring program to maximize recovery of illness and injury benefits arising out of third-party claims.

* ***STIIP*** *- Short Term Illness and Injury Plan*

Goal 4
Workplace Quality

Objective 4.3 Individual and Organizational Development: Continue to have training and development programs in place to sustain a viable organization and support strategic objectives during the transition to a new model.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Total number of person/days of training	2150	1850	1500

Key Strategies

- Deliver training programs in key operational areas to sustain the organization during a period of change. Target programs to ensure that leadership/management competencies continue to be in place throughout the period of workforce adjustment.
- The LDB will maximize the use of regional trainers and the in-store trainer network to deliver training in a cost-effective and efficient manner.

Goal 4
Workplace Quality

Objective 4.4 Internal Customer Service: Continuously develop and promote internal customer service standards and behaviours to foster our corporate values in all business interactions between departments, among employees and with our customers.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Staff perceptions of values-behaviour consistency	**75%**	**75%**	**75%**

Key Strategies

- The extent to which LDB staff members perceive consistency between the corporate values and practices and behaviours of management and staff will be measured through the use of structured focus groups each year. Results will be summarized and communicated to management and staff for appropriate action.
- Through management emphasis and awareness training, the LDB will continue to emphasize the daily practice of a set of standards and behaviours that reflect our corporate values.
- Departments, work groups and teams will be encouraged to develop and emphasize more specific standards relative to the services they provide to their internal customers.

Goal 5

Public Safety & Social Responsibility

As the LDB transitions to a new model, continue to promote responsible use of beverage alcohol as a pillar of service to the public. Ensure that customers continue to have a convenient method of returning empty liquor containers.

Objective 5.1 Public Safety: Encourage and support the responsible use of beverage alcohol through social responsibility and public safety campaigns and initiatives.

Performance Measures	Targets Fiscal 2003-04	Fiscal 2004-05	Fiscal 2005-06
In-Store Social Responsibility Campaigns	6 campaigns	6 campaigns	6 campaigns
Public Safety Strategy	Preliminary strategy in place by September 30, 2003	Quantitative measures & targets TBD based on strategy	Quantitative measures & targets TBD based on strategy

Key Strategies

- The LDB will work with the Liquor Control and Licensing Branch (LCLB) to develop a public safety strategy that supports the responsible use of alcohol. Research will be conducted to assess levels of action on public safety in other areas, including the government of British Columbia, the federal government, non-profit organizations, industry associations and the private sector.
- The LDB will also work with the LCLB, the beverage alcohol industry and the private retailers' associations to develop a retail program for the promotion of responsible alcohol consumption. Focus and market testing will be conducted in order to assure ease of compliance and effectiveness of messaging in the social responsibility materials designed for retailers.
- The LDB will also explore and develop campaign partnerships with other jurisdictions and community organizations, such as the Rick Hansen Institute.
- Existing LDB programs, including in-store alcohol awareness campaigns, distribution of material on alcohol and pregnancy and the Safe Ride Home program, will continue.
- The Dry Grad fundraising campaign will be continued in February 2004 to help support school districts in providing safe, alcohol-free celebrations for graduating youth in British Columbia.

Goal 5
Public Safety & Social Responsibility

Objective 5.2 Beverage Container Management: Ensure that the beverage container return system is cost-neutral to government and continues to provide an acceptable level of service to customers.

Performance Measures	Targets		
	Fiscal 2003-04	**Fiscal 2004-05**	**Fiscal 2005-06**
Shift LDB store share of provincial container returns to alternative return channels	30% of containers returned to LDB stores	20% of containers returned to LDB stores	10% of containers returned to LDB stores
Achieve cost neutrality in the LDB beverage container program	Cost-neutral financial measures in place by September 2003	Cost neutrality	Cost neutrality
Achieve 85% return rate for containers in LDB stewardship plan	85%	85%	85%

Key Strategies

- The branch will develop a new structure for the LDB's beverage container return system.
- Strategies will be developed to divert LDB store returns to alternative return channels.
- The branch will take the lead in working with the Ministry of Water, Land and Air Protection, other beverage container stewards, private retailer associations and supplier associations to address container return service issues.

Strategic Direction
Performance Measure Descriptions

A description of each performance measure, keyed to the objective it supports, is provided in this section of the plan. Using the standard logic model depicted below, the LDB seeks to measure outcomes wherever possible. In some cases, where outcome data is difficult to obtain or it is difficult to establish cause-and-effect between an outcome and the activity or output, which feeds it, output measures are used.

INPUT	ACTIVITY	OUTPUT	OUTCOME
Resources	Strategies	Direct Products	Immediate
Staff	Processes	Amount of Work	Intermediate
Budgets	Techniques	Classes Taught, Etc.	Ultimate
	Measures		

The branch also seeks to use quantifiable measures, in order that performance can be tracked over time and comparisons can be made to past performance and/or benchmarking against industry standards. In some objectives, notably those describing projects or initiatives, which have a finite life cycle from beginning to end, milestones or completion dates are used as the measures.

Objective 1.1
Revenue & Net Income

Revenue: This measure examines LDB total dollar sales of beverage alcohol in British Columbia, which are tracked by fiscal period, quarter and year.

Net Income: This measure examines net income contributed to government. Net income is reported in accordance with generally accepted accounting principles. As with the above measure, it includes income derived from sales to other retail channels and is tracked, monthly, quarterly and annually.

Objective 1.2
Operating Expenses

Total Expenses: This measure represents the LDB's total dollar operating expenses and is tracked monthly, quarterly and annually. It is benchmarked against other liquor jurisdictions.

Objective 2.1
Customer Satisfaction

Customer Satisfaction: The LDB expects to maintain retail and wholesale customer satisfaction during the transition to private sector retailing. Quantitative measures to be developed.

Objective 2.2
Supplier & Industry Partnerships

Meetings with Liquor Industry Advisory Committee: The branch seeks to elicit and respond meaningfully to the advice and input of liquor industry stakeholders. Since the quality of input, as well as that of the branch's response, is difficult to measure empirically, an output measure expressed in terms of meetings held has been selected.

Objective 2.3
Retail Network

Number of Government Liquor Stores: In keeping with the mandate arising from the Core Services Review, the branch is committed to reducing the number of government liquor stores it operates during the period of the plan. This measure simply establishes the minimum number of GLSs to be closed in each of the three years of the plan.

Objective 2.4
Deregulation

Reduction in Number of Regulatory Requirements: One of the requirements of the Province of British Columbia's Three-Year Deregulation Plan is for the branch to reduce the number of administrative and regulatory requirements imposed upon liquor industry stakeholders by administrative policies and governing legislation. This measure formalizes the targets, expressed in terms of percentages, for the reduction over a three-year period.

Objective 3.1
Distribution

Alternative Distribution Model for Wholesale Customers: Another of the mandates resulting from the LDB's Core Services Review, is to develop and implement a model whereby beverage alcohol is distributed by private sector distributors. This measure has a significant project milestone expressed in terms of a completion date.

LDB Distribution Discontinued: This measure represents the date by which the LDB will have exited the product distribution function.

Objective 3.2
Supply Chain Management

Stockout Reports: Core product is defined as those products attaining $2 million or more in annual sales. Stockouts are events wherein the shelf space allocated to a certain product is found to be empty. Reports of stockouts are tracked by area managers and by the Director of Store Operations. This measure simply tracks the number of stockout reports occurring during a given period.

In-Stock Core Products: This measure seeks to continuously ascertain that a quantity of all products designated as core is available in all GLSs at all times.

Objective 3.3
Technology Improvements

Enterprise Business Intelligence: This is an ongoing technology project which will enable LDB managers and executives to manage efficiencies and maximize revenues through the timely delivery and analysis of business information in a variety of categories. The targets are expressed in terms of project milestones over the three years of this plan.

Architecture Solutions and Implementation: This is another ongoing technology project which seeks to update and streamline LDB data management systems. Again, the targets are expressed in terms of project milestones.

PPIIMS Migration: Personnel Payroll Integrated Information Management System (PPIIMS) is the LDB's human resources and payroll information management system. This project will initially examine the feasibility of migrating to a shared services model by migrating PPIIMS into the provincial government's Centralized Human Resources Management System (CHIPS). The target for the first year of this plan is the delivery of a feasibility report. Targets for subsequent years will be developed based upon the conclusions of the report.

Objective 3.4

Emergency Management

Emergency Procedures Testing: The branch has a variety of contingency plans for reaction and recovery following a natural disaster or other emergency event. This measure seeks to validate the practical application of the plans through twice-yearly testing.

Product Recall Testing: All retailers must be prepared for the eventuality of a product recall due to identified health and safety related hazards inherent in the product. This measure seeks to validate the practical application of the branch's product recall plans through twice-yearly testing.

Business Continuity Plans: The branch maintains plans for remaining in business following the recovery from a natural disaster or other emergency events. These plans must be updated frequently. Specific measures and targets for tracking the updates will be developed during the first year of this plan.

Objective 4.1

Workforce Planning and Management

Measures: A framework for ongoing workforce planning and management is in the conceptual development stage at this time. Measures will be developed following completion of the framework.

Objective 4.2

Health and Safety

Annual Safety Inspection/Audit: This output measure seeks to ensure that annual inspections and audits are conducted in each of the LDB's GLSs.

Monthly Safety Program Review: This measure tracks monthly compliance with the safety program as prescribed by LDB operating procedures and policy and WCB regulations. The primary targets are due diligence, prevention of violence in the workplace and ergonomics practices.

STIIP Claim Costs: This measure tracks employee absenteeism resulting from illness and injury and the consequent costs expressed in terms of a percentage of payroll. It will be benchmarked against industry standards.

WCB Claim Costs: This measure tracks costs resulting from on-the-job illness and injuries and is expressed in terms of a percentage of payroll. It will be benchmarked against industry standards.

Objective 4.3

Individual and organization Development

Total Number of Person Days in Training: The outcomes sought from staff training and development are usually very difficult to measure in terms of cause-and-effect with the training activity. Therefore, many business organizations measure their investment in the development of human capital in terms of either dollars or training days. The LDB has chosen to use total number of person days of training for each year. The decreasing of the target figures over the three years of the plan reflects the anticipated staff reductions.

Objective 4.4

Internal Customer Service

Staff Perceptions of Values-Behaviour Consistency: The LDB's corporate values prescribe and describe the standards of behaviour sought in interdepartmental and interpersonal working relationships within the branch. This measure tracks the average percentage of employee focus group respondents who indicate consistent or highly consistent behaviour with the values.

Objective 5.1

Public Safety & Social Responsibility

In-Store Social Responsibility Campaigns: Social responsibility messaging within GLSs is intended to promote the responsible consumption of beverage alcohol. Since this outcome is very difficult to measure and establish cause and effect, an output measure expressed in terms of number of campaigns per year has been selected.

Public Safety Strategy: The results of the Core Services Review charges the LDB with the responsibility of managing the beverage alcohol distribution and retailing system in such a way that maximum public safety relative to the use of the product is ensured. A comprehensive strategy for accomplishing this is under development. The outcome measure for the first year of this plan is to have the strategy in place. Quantitative measures and targets for the following two fiscal years will be developed after the strategy is conceptualized.

Objective 5.2

Beverage Container Management

LDB Store Share of Provincial Container Returns: As LDB stores close, the branch will have less capacity to accept and process returned beverage containers and will seek to shift returns to other channels. This measure will track the percentage of total containers in the system that are returned to LDB stores. That percentage is expected to diminish during each of the three years of the plan.

Cost Neutrality: The LDB incurs costs related to the processing of beverage containers collected inside and outside the LDB's store system. The LDB receives revenues through fees recovered from suppliers and customers and from unredeemed deposits (deposits on containers customers choose not to return). This measure seeks to ensure that container revenues and costs are in balance.

Beverage Container Return Rate: Under the Beverage Container Stewardship Program Regulation, the LDB is responsible for the stewardship program for wine and spirit containers and non-refillable beer, cider and cooler bottles. The Regulation requires stewardship programs to achieve a container recovery rate of 85 per cent (calculated as the number of containers recovered divided by the number of containers sold).

Alignment with Government's Strategic Plan

Early in 2002, the government of British Columbia published a strategic plan which outlined the priorities of government for the three fiscal years beginning with Fiscal 2002/03. The plan articulated a long-term vision for the province and set forth three broad goals, each with several objectives and supporting key measures. Below is a snapshot of the government's plan:

Goals	Objectives Applicable to the LDB
A Strong and Vibrant Provincial Economy	British Columbia will have a prosperous economy
	British Columbia will have employment opportunities
	Government will be affordable and fiscally responsible
A Supportive Social Infrastructure	British Columbians will be healthy
Safe, Healthy Communities and a Sustainable Environment	British Columbians will have safe communities

As with all branches and agencies of government, the LDB is aligned to support and implement the government's strategic plan in every possible way. Given the broad and general nature of the plan, however, and coupled with the LDB's very specific and narrow mandate, it is difficult to establish explicit linkages between the government's plan and the LDB's business goals and objectives. That being said, however, the LDB will respond in the following ways to government's goals and applicable objectives:

Objective	Liquor Distribution Branch Response
Prosperous Economy	The branch will promote private sector growth in the beverage alcohol industry (see Vision Statement)
Employment Opportunities	The branch will support the growth of employment opportunities by promoting expanded private sector involvement in the beverage alcohol industry (see Vision Statement)
Affordable & Fiscally Responsible Government	The branch will do its part through judicious expense management (see objective 1.2)
Healthy	The branch will promote the health and safety of its employees (see objective 4.2) and of the general public through its responsible use program (see objective 5.1)
Safe Communities	The branch will support this indirectly through its public safety and social responsibility campaigns (see objective 5.1)

Summary Financial Outlook for the Plan Period

The following table gives the high-level financial revenue and expenses for the three years covered in this plan, as well as key forecast assumptions.

Projected Income and Expenses ($000)

	Fiscal 2003-04	Fiscal 2004-05	Fiscal 2005-06
Net Revenue	1,832,299	1,837,790	1,852,378
Cost of Goods Sold	(932,766)	(951,421)	(970,449)
Operating Expenses	(235,533)	(208,263)	(183,276)
Transition Costs	(9,000)	(23,106)	(43,653)
Net Income	655,000	655,000	655,000

Key Forecast Assumptions

- Sales increases will be approximately two per cent each year.

Risks Related to Net Income

- Sales losses during transition to new models
- Workforce disruptions resulting in sales losses
- Loss of key personnel during transition to new models resulting in higher expenses and decreased productivity
- Low morale leading to lost productivity
- Effects of weather patterns and statutory holidays on consumption
- Unplanned incidents (natural disasters, terrorism, product tampering etc) may disrupt business at any time

Summary

The British Columbia Liquor Distribution Branch is facing significant changes over the next three years. Our corporate strategy is our road map to the successful execution of those changes, and signifies our strong commitment to embracing the transition enthusiastically. Through the planning process, we have created the structure and established the momentum for achieving our vision, mission, goals and objectives. In doing so we will be fully accountable to government and to the public and, at the same time, maintain the flexibility to respond to the new challenges that continually arise in our dynamic environment.

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